126 Brompton Road
London, United Kingdom
SW3 1JD
E-mail: info@cds.com.py
Web Site: www.cdsogg.com

NEWS RELEASE

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CDS OIL & GAS GROUP PLC

RESULTS OF AEROMAGNETIC & AEROGRAVITY SURVEY PROGRAMME DEFINE ADDITIONAL TARGET AREAS IN PARAGUAY

LONDON, England: 19 May 2008 - CDS Oil & Gas Group plc ("CDS" or the "Company"), the AIM-quoted oil and gas explorer (CDS.L), has received positive results from its aeromagnetic and aerogravity survey programme on its oil and gas exploration project in Paraguay, with additional target areas being defined for follow up. Drilling is expected to commence later this year, subject to rig availability.

During the period from 15 October 2007 to 5 December 2007 Carson Aerogravity, a division of Carson Helicopters Inc., flew a 9,423km line airborne gravity and a 12,100km airborne magnetic survey simultaneously over the Gabino Mendoza, PG & E and Boqueron Blocks in Northwestern Paraguay for CDS Energy S.A. Data was collected at a survey speed of 100 knots using a De Havilland DHC-6 Twin Otter aircraft. Newly flown data was encrypted and downloaded daily to Carson's processing center in Perkasie, Pennsylvania, to provide constant monitoring of data quality and field system performance. The gravity and magnetic data was processed, analyzed and interpreted by Carson's staff using proprietary software.

The study successfully combined gravity, magnetic, seismic, well and geological data to map major structural highs, lows, trends, faults, and other structural elements within the three blocks.

This gravity and magnetic interpretation defined several structural highs that need to be highlighted by additional exploration tools (for example seismic and geochemical surveys). The thickness of the sedimentary Quaternary-Carboniferous sequences appears to decrease towards the eastern part of the surveyed area where Devonian and older rocks outcrop. Gravity-magnetic modelling along the selected profiles in the surveyed area demonstrates the possibility of structural highs within the sedimentary sequences present in this portion of the sub-Andean foreland basin in Paraguay. The tectonic style is predominately extensional with clearly interpreted high angle normal faults. The main northwest-southeast striking normal faults have been intersected by younger northeast-southwest trending faults, which are interpreted based on the axes of the main constrained residual gravity anomalies.

Patrice Roman, CEO of CDS stated: "The Carson survey has added significant new information to our extensive data base and has defined additional targets for seismic and drilling follow up. We are encouraged by these positive results which confirm and improve our geological model, and intend to test the additional areas of interest as recommended by Carson. The new data will

be important when selecting drill sites for a drilling campaign planned to commence later this year, based upon rig availability."

Professor Deborah Ajakaiye, Head of our Technical division in Houston, graduated with an honors degree in Physics from the University of London and a Masters degree in Applied Geophysics from the University of Birmingham, with a Ph.D from Ahmadu Bello University, Member of the American Association of Petroleum Geologists and internationally known among others for her works and publications in the field of seismic and sequence stratigraphy, geodynamic and tectonic studies and geophysical prospecting has expressed her satisfaction to the conclusions of this report and endorsed the technical information contained in this announcement.

CDS is a UK company which, through its Paraguayan subsidiary, CDS Energy S.A., has a 98.1% working interest in three large blocks with substantial oil and gas exploration potential in the prospective eastward extension into north-west Paraguay of the productive Bolivian Chaco Basin.

For further information:

CDS Oil & Gas Group Tel: +41 22 700 68 60
Patrice Roman, Chief Executive Officer

Hanson Westhouse Tel: 0+44 (0)20 7601 6100
Louis Castro

Hudson Sandler Tel: +44 (0)20 7796 4133
Jessica Rouleau / Sandrine Gallien / Fran Read

B4 Communication Tel: +41 22 592 50 22
Claude Baumann / Frédéric Jacquemoud